

Any person engaged in the business of selling alcoholic liquor at retail through a liquor store, tavern, or restaurant is required to file a monthly statement with the Department listing the total amount paid for alcoholic liquor purchased during the preceding calendar month. See Emergency Regulation 86 Ill. Adm. Code 130.552. (This is a GIL.)

December 15, 2004

Dear Xxxxx:

This letter is in response to your letter dated August 17, 2004, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at www.ILTAX.com to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

I file ST-1 forms for two retail outlets that sell alcoholic beverages in the state of Illinois. I am certain that the amount I report every month in alcoholic beverage purchases does not match the amounts that beverage wholesalers are reporting. I am making my best effort to report 'real' purchases.

However, there are problems with the wholesalers' reports that will always keep their numbers from matching my reports.

1. 90% of beer distributors are reporting the Cook County tax and the Chicago tax as part of the total. This is incorrect. They are also not indicating the amount of these taxes on their invoices. I do my best to estimate these taxes, but the tax amounts vary according to the amount of alcohol in the beers, and the size of bottles/kegs.
2. As far as I can tell, none of my distributors factor in returns, incorrect invoices, proper discounts and other accounting errors.
3. I am not receiving any totals from: BUSINESSES. I have asked these companies to correct the problem many times, but to deaf ears.

If the distributors properly reported purchases correctly, it would take about ten minutes to figure totals. With all the errors, it is taking me hours to calculate a single number.

If you feel you need the purchases total, please enforce the reporting requirements on the wholesalers. I am wasting much time because of their mistakes.

DEPARTMENT'S RESPONSE:

The Department has issued Emergency Regulations governing "Alcoholic Liquor Reporting." See 86 Ill. Adm. Code 130.552. Any person engaged in the business of selling alcoholic liquor at retail through a liquor store, tavern, or restaurant is required to file a monthly statement with the Department listing the total amount paid for alcoholic liquor purchased during the preceding calendar month.

The statement is filed on Form ST-1, Sales and Use Tax Return, by including the total amount shown on invoices for alcoholic liquor delivered during the preceding calendar month. Please note, the ST-1 Form must be filed using the Department's TeleFile program. See 86 Ill. Adm. Code 130.770. In addition, every distributor, importing distributor, and manufacturer of alcoholic liquor, shall file in electronic format (as prescribed by the Department), a statement with the Department showing the total amount of gross receipts from the sale of alcoholic liquor sold or distributed during the preceding calendar month to purchasers. See 130.552(b).

As a retailer, you must report the total dollar amount paid to your distributors for purchases of alcoholic liquor. At the same time, your liquor distributors must file a report with the Department showing the value of alcoholic liquor invoiced and delivered to each retailer. You must report the total value of all alcoholic liquor invoiced and delivered to you during the liability period, regardless of when you actually remitted payment to your distributor. If you purchase alcoholic liquor from more than one distributor, then you must add your purchases from each distributor and report the total amount paid on "Line A" of your statement. This total amount should equal the total amount you were charged for all of your alcoholic purchases during the liability period.

We are unable to comment on the reporting activities of the businesses mentioned in your letter. The confidentiality provisions in the Retailers' Occupation Tax Act, 35 ILCS 120/11, prohibit us from disclosing information contained on the sales tax return of a business. It is a criminal offense to disclose this information to you. We have passed your concerns along to the appropriate personnel within the Department for investigation of the suppliers listed in your letter.

I hope this information is helpful. If you require additional information, please visit our website at www.ILTAX.com or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Edwin E. Boggess
Associate Counsel

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